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Attorneys for Complainant

**BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

MAMIE TANG
P.O. Box 472380
San Francisco, California 94147-2380

Certified Public Accountant Certificate
No. CPA 43479,

Respondent.

Case No. AC-2004-10

OAH No. 2005080642

**STIPULATED SETTLEMENT AND
DISCIPLINARY ORDER**

IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-entitled proceedings that the following matters are true:

PARTIES AND JURISDICTION

1. Carol Sigmann, Complainant, is the Executive Officer of the California Board of Accountancy (the "Board"). She brought this action solely in her official capacity and is represented in this matter by Bill Lockyer, Attorney General of the State of California, by Jeanne C. Werner, Deputy Attorney General.

2. Respondent Mamie Tang is represented in this proceeding by attorney Christopher J. Cannon, Sugarman & Cannon, whose address is 44 Montgomery Street, Suite 2080, San Francisco, CA 94014.

3. On or about August 2, 1985, the California Board of Accountancy issued Certified

1 Public Accountant Certificate No. CPA 43479 to Mamie Tang, Respondent herein. The CPA
2 Certificate was in full force and effect at all times relevant to the charges brought in Accusation
3 No. AC-2004-10. The Certificate expired on October 31, 2003, and remains subject to the
4 Board's jurisdiction during the five-year period which follows, during which time it is subject to
5 renewal by Respondent.

6 4. Accusation No. AC-2004-10 was filed before the California Board of
7 Accountancy (Board), Department of Consumer Affairs, and is currently pending against
8 Respondent. The Accusation and all other statutorily required documents were properly served
9 on Respondent on March 23, 2004. Respondent timely filed her Notice of Defense contesting the
10 Accusation. A copy of Accusation No. AC-2004-10 is attached as Exhibit A and incorporated
11 herein by reference.

12 **WAIVERS & CONTINGENCY**

13 5. Respondent has carefully read, fully discussed with counsel, and understands the
14 charges and allegations in Accusation No. AC-2004-10. Respondent has also carefully read,
15 fully discussed with counsel, and understands the effects of this Stipulated Settlement and
16 Disciplinary Order.

17 6. Respondent is fully aware of her legal rights in this matter, including the right to a
18 hearing on the charges and allegations in the Accusation; the right to be represented by counsel at
19 her own expense; the right to confront and cross-examine the witnesses against her; the right to
20 present evidence and to testify on her own behalf; the right to the issuance of subpoenas to
21 compel the attendance of witnesses and the production of documents; the right to reconsideration
22 and court review of an adverse decision; and all other rights accorded by the California
23 Administrative Procedure Act and other applicable laws.

24 7. Respondent voluntarily, knowingly, and intelligently waives and gives up each
25 and every right set forth above.

26 8. This stipulation shall be subject to approval by the Board. Respondent
27 understands and agrees that counsel for Complainant and the staff of the Board may
28 communicate directly with the Board regarding this stipulation and settlement, without notice to

1 or participation by Respondent or her counsel. By signing the stipulation, Respondent
2 understands and agrees that she may not withdraw her agreement or seek to rescind the
3 stipulation prior to the time the Board considers and acts upon it. If the Board fails to adopt this
4 stipulation as its Decision and Order, the Stipulated Settlement and Disciplinary Order shall be of
5 no force or effect, except for this paragraph, it shall be inadmissible in any legal action between
6 the parties, and the Board shall not be disqualified from further action by having considered this
7 matter.

8 9. Respondent agrees not to take any action or make any public statement that
9 creates, or tends to create, the impression that any of the matters set forth in the Stipulated
10 Settlement and Disciplinary Order are without a factual basis.

11 10. The parties understand and agree that facsimile copies of this Stipulated
12 Settlement and Disciplinary Order, including facsimile signatures thereto, shall have the same
13 force and effect as the originals.

14 **ADMISSIONS, FINDINGS, AND FURTHER STIPULATIONS**

15 11. Respondent admits that she was convicted of one felony violation of 18 U.S.C.
16 section 1341 as set forth in paragraph 10 of Accusation No. AC-2004-10. Respondent agrees
17 that her Certified Public Accountant Certificate is subject to discipline, based on this conviction,
18 and agrees to be bound by the Board's revocation of her license as set forth in the Disciplinary
19 Order below.

20 12. The Board's costs in this case subject to recovery under Code section 5107 total
21 \$9,526.44, which Respondent agrees not to challenge and which Respondent will pay prior to
22 filing a petition for reinstatement or any other license application before the Board.

23 **IN CONSIDERATION OF THE FOREGOING** admissions and stipulations, the
24 parties agree that the Board may, without further notice or formal proceeding, issue and enter the
25 following Disciplinary Order:


26 **DISCIPLINARY ORDER**

27 IT IS HEREBY ORDERED that Certified Public Accountant Certificate No. CPA 41479,
28 issued to Respondent Mamie Tang, is revoked.

ACCEPTANCE


I have carefully read the above Stipulated Settlement and Disciplinary Order and have fully discussed it with my attorney, Christopher J. Cannon. I understand the stipulation and the effect it will have on my Certified Public Accountant Certificate. I enter into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the California Board of Accountancy.

DATED: 9/1/05

MAMIE TANG by 
MAMIE TANG Ms. TANG is presently
Respondent IN CONTACT & SHE WILL
BE FORWARDING TO ME
A COPY WITH HER PERSONAL
SIGNATURE

I have read and fully discussed with Respondent Mamie Tang the terms and conditions and other matters contained in the above Stipulated Settlement and Disciplinary Order. I approve its form and content.

DATED: 9/1/05

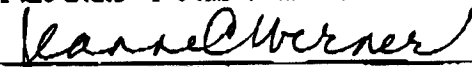

CHRISTOPHER J. CANNON, Esq.
Sugarman & Cannon
Attorney for Respondent

ENDORSEMENT

The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully submitted for consideration by the California Board of Accountancy of the Department of Consumer Affairs.

DATED: September 1, 2005

BILL LOCKYER, Attorney General
of the State of California


JEANNE C. WERNER
Deputy Attorney General
Attorneys for Complainant

**BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the matter of the Accusation Against:

MAMIE TANG
P.O. Box 472380
San Francisco, California 94147-2380

Certified Public Accountant Certificate
NO. CPA 434779

Respondent.

Case No. AC-2004-10

OAH No. 2005080642

DECISION AND ORDER

The attached Stipulated Settlement and Disciplinary Order revoking Certified Public Accountant Certificate No. CPA 43479 is hereby adopted by the California Board of Accountancy, Department of Consumer Affairs, as its Decision in this matter.

This Decision shall become effective on October 21, 2005.

It is so ORDERED September 21, 2005.



Renata M. Sos, President
FOR THE CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS

Sep-01-2005 10:11am From-44 MONTGOMERY, SUITE 2080
AUG-31-2005 15:22

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Exhibit A
Accusation No. AC-2004-10

BILL LOCKYER, Attorney General
of the State of California
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CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

MAMIE TANG
P.O. Box 472380
San Francisco, CA 94147-2380

Certified Public Accountant Certificate
No. 43479,

Respondent.

Case No. AC-2004-10

OAH No. _____ [Unassigned]

ACCUSATION

Complainant alleges:

PARTIES AND JURISDICTION

1. Complainant Carol Sigmann brings this Accusation under the authority of Section 5100 of the Business and Professions Code,¹ solely in her official capacity as the Executive Officer of the California Board of Accountancy, Department of Consumer Affairs.

2. On or about August 2, 1985, the California Board of Accountancy issued Certified Public Accountant Certificate Number 43479 to Mamie Tang, the Respondent in this matter. The Certified Public Accountant Certificate, last renewed in an active status, expired on October 31, 2003, and has not been renewed. During the time periods relevant herein, the

1. All statutory references are to the Business and Professions Code unless otherwise indicated.

1 certificate was renewed in an active status, albeit with periods of delinquency as set forth below:

2 A. The certificate was expired and not valid during the following periods:
3 November 1, 1993, through December 7, 1993; November 1, 1995 through November 14, 1995;
4 and November 1, 1997 through January 20, 1998.

5 3. The most recent address of record on file with the Board from
6 Respondent's October 2001 renewal is P.O. Box 472380, San Francisco, CA 94147-2380. The
7 street address provided in that renewal application is 2030 Vallejo Street, Apt. 1001
8 San Francisco, CA 94123.

9 4. Section 5100 of the Business and Professions Code provides, in relevant
10 part, that, after notice and hearing the board may revoke, suspend or refuse to renew any permit
11 or certificate granted, or may censure the holder of that permit or certificate, for unprofessional
12 conduct which includes, but is not limited to, one or any combination of the causes specified
13 therein, including:

14 5100 (a) Conviction of any crime substantially related to the qualifications,
15 functions and duties of a certified public accountant or a public
16 accountant.

17 5100 (g) Willful violation of the Accountancy Act or any rule or regulation
18 promulgated by the Board.

19 5100 (i) Fiscal dishonesty or breach of fiduciary responsibility of any kind.

20 5100 (j) Knowing preparation, publication or dissemination of false, fraudulent, or
21 materially misleading financial statements, reports, or information.

22 5. Under Board Rule 99², a crime or act is substantially related to the
23 qualifications, functions, or duties of a CPA if, to a substantial degree, it evidences present or
24 potential unfitness to perform the functions authorized by the licensee's certificate or permit in a
25 manner consistent with the public health, safety, or welfare.

26 6. Section 5106 provides in pertinent part that a conviction means a plea of

27 _____
28 2. Codified at Title 16, California Code of Regulations, section 99.

1 guilty...(and) any action which a board is permitted to take following the establishment of a
2 conviction may be taken when the time for appeal has elapsed, or the judgment of conviction has
3 been affirmed on appeal, or when an order granting probation is made suspending the imposition
4 of sentence, irrespective of a subsequent order under the provisions of Section 1203.4 of the
5 Penal Code.

6 7. Code section 5063 requires that a licensee report to the Board in writing
7 the occurrence of certain events within 30 days of the date the licensee has knowledge of these
8 events. Among the events are the following: a felony conviction; a crime related to the
9 qualifications, functions, or duties of a certified public accountant; and a crime involving theft,
10 embezzlement, misappropriation of funds or property, breach of a fiduciary responsibility, or the
11 preparation, publication, or dissemination of false, fraudulent, or materially misleading financial
12 statements, reports, or information. As used in Code section 5063, a conviction includes a
13 finding of guilt even though that conviction may not be final or sentence actually imposed until
14 appeals are exhausted.

15 8. Pursuant to Code section 118(b), the suspension, expiration, or forfeiture
16 by operation of law of a license issued by the Board shall not during any period within which it
17 may be renewed, restored, reissued or reinstated, deprive the Board of its authority to institute or
18 continue a disciplinary proceeding against the licensee upon any ground provided by law or to
19 enter an order suspending or revoking the license or otherwise taking disciplinary action against
20 the licensee on any such ground. Code section 5070.6 provides that an expired permit may be
21 renewed at any time within five years after its expiration upon compliance with certain
22 requirements.

23 9. Code section 5107 provides for recovery by the Board of all reasonable
24 costs of investigation and prosecution of the case, including, but not limited to, attorney's fees in
25 specified disciplinary actions. A certified copy of the actual costs, or a good faith estimate of
26 costs signed by the Executive Officer, constitutes prima facie evidence of reasonable costs of
27 investigation and prosecution of the case.

1 **FOR CAUSES FOR DISCIPLINE**

2 **First Cause for Discipline - Conviction of a Felony**
3 (Bus. & Prof. Code Section 5100(a))

4 10. Conviction. Respondent is subject to disciplinary action pursuant to Code
5 section 5100(a) in that, on March 21, 2003, she was convicted, pursuant to her guilty plea, in the
6 United States District Court, Northern District of California, in *United States of America v.*
7 *Mamie Tang*, Case No. CR-97-00218³, of one felony violation of 18 U.S.C. section 1341(mail
8 fraud). At all times relevant herein, Respondent held an active CPA license.

9 11. Sentence. Respondent was sentenced, as set forth in an Amended
10 Judgment filed May 21, 2003, to fifty-seven months in federal prison, as well as a three-year
11 period of supervised release.⁴ Respondent was ordered to pay approximately \$12 million in
12 restitution to the identified victims of her fraud, and was to begin serving her sentence on May
13 27, 2003.

14 12. Background for Plea Agreement. Respondent pled guilty to Count No. 30
15 of a 32-count Amended Indictment. Respondent's conviction stems from her misconduct in a
16 fraudulent private securities offering which promised to develop certain land in Napa and
17 Sonoma Counties. Respondent was one of two owners of Continental Capital Securities Group,
18 whose principal place of business was in San Francisco, California, and which wholly owned
19 Continental Capital Secured Principal with Income Funds I and II ("Fund I" and "Fund II").
20

21 3. A companion case, CR 99-0304 VRW (concerning Respondent Tang's fraud in
22 obtaining unauthorized loans, forging documents, and concealing same from her partners, in
23 Commercial Discount Associates or "CDA") was continued pending trial in the instant case,
and was ultimately dismissed after Respondent entered the guilty plea.

24 4. Respondent has filed a Notice of Appeal of her sentence, which she claims was
25 premature and violated her agreement to cooperate in the prosecution of her co-defendant,
26 which had not yet occurred, and her resulting ability to seek a downward departure for that
27 cooperation. (The government decided not to use her as a witness and requested sentencing.)
28 One major point of disagreement is the amount of financial loss. While she was ordered to
make approximately \$12 million in restitution, Respondent apparently contends that, at best,
she is responsible for no more than the \$1,374,000 disgorgement amount found by another
judge in a related civil case (94-03336 WHA), minus some amount for capital contributions.

1 Respondent's partner, who was her criminal co-defendant, John A. Hickey, will be referenced
2 herein as Respondent's "co-defendant." He is not a party to the Board's action. At the time of
3 her conviction, Respondent's co-defendant's case had not been tried or otherwise resolved.

4 13. As set forth in the Plea Agreement, Respondent admitted the following:

5 A. She and her co-defendant Hickey operated a number of entities referred to
6 as Continental Capital, including Continental Capital Financial Group, Inc., JM Regional, Inc.,
7 Continental Capital Income Fund, Continental Capital Securities Group, Inc., Continental Capital
8 Secured Principal with Income Fund I, Continental Capital Real Estate, and Continental Capital
9 Investments, Inc. These entities were generally in the business of developing real estate.

10 B. Respondent and her co-defendant sought to raise money as part of a
11 limited partnership called Continental Capital Income Fund II (Fund II). The general partner of
12 Fund II was Continental Capital Financial Group, which was wholly owned and controlled by
13 Respondent and her co-defendant. They caused a "Private Placement Memorandum" to be
14 prepared and disseminated.

15 C. The Memorandum included a number of representations about the
16 proposed investment opportunity, about past accomplishments and prospects of other Continental
17 Capital entities, and about Respondent and her co-defendant.

18 D. The effective date of the Memorandum for Fund II was July 19, 1992. In
19 the following two years, Respondent and her co-defendant raised over \$15 million from investors
20 in Fund II.

21 E. The Memorandum⁵ represented that respondent and her co-defendant had
22 a combined net worth, unaudited, in excess of \$22 million, essentially \$11 million each.
23 Respondent's Personal Financial Statement, attached as Exhibit B to the Fund II Private
24 Placement Memorandum prepared and disseminated by Respondent represented Respondent's

25
26 5. The Memorandum acknowledged that the General Partner has a fiduciary responsibility
27 to the Partnership and to the Limited Partners, creating an ongoing affirmative obligation fully
28 and accurately to disclose all material facts with respect to the General Partner's progress, or
lack thereof, in realizing the goals of the Fund II partnership, including the goal of preserving
and protecting the Partnership's original invested capital.

1 net worth as approximately \$10.8 million.

2 F. This representation was material to the securities offering, because among
3 the promises made in the Memorandum were the promise to execute a personal guarantee in
4 favor of the Limited Partners guaranteeing that they would receive monthly distributions until
5 December 31, 1997, and a return of their Invested Capital on or before that date.

6 G. The representation about Respondent's net worth was made to convince
7 investors to believe that she had sufficient assets to secure these guarantees.

8 H. Respondent knew that the representations regarding her (and her co-
9 defendant's) net worth were false and misleading... "because there was inadequate disclosure to
10 the investors for the following reasons:

11 "First, we had incurred substantial potential liabilities to a number of entities associated
12 with Abbie E. Fout, including the Abbie E. Fout Trust, Abbie E. Fout, Inc., and Caspar
13 Land Company. These liabilities exceeded seven million dollars. Second, the
14 representations did not fully disclose that John Hickey and I, as well as a number of
15 continental Capital entities and Abbie E. Fout-related entities, had entered into a
16 settlement agreement with Wells Fargo Bank, N.A. on June 8, 1992. John Hickey and I
17 personally, as well as various of the Continental Capital entities and the Abbie E. Fout
18 entities, stipulated to judgments in an amount in excess of \$6.5 million. Third, some of
19 the properties that were included in the net worth statements for February 28, 1992, were
20 lost in foreclosure proceedings, or, on behalf of Continental Capital entities John Hickey
21 and I had given up our interest in the property, after February 28, 1992 but before July 18,
22 1992. The failure to fully disclose all of these issues to the investors caused our
23 representations about our net worth to be misleading."

14. Respondent admitted that she used the mails during the operation of Fund
19 II, and in particular that she caused a letter to be mailed to C. H. in Chicago Heights, Illinois,
20 which enclosed copies of the personal guaranties she and her co-defendant had executed.

15. Incorporating by reference the allegations in paragraphs 10 through 13,
22 Respondent's certificate is subject to discipline under Code section 5100(a) in that the felony
23 conviction is a crime substantially related to the qualifications, functions or duties of a CPA
24 within the meaning of Board Rule 99. Respondent personally guaranteed the investment, and
25 admitted, in her plea agreement, that she overstated her net worth on a personal financial
26 statement. She admitted defrauding investors by failing to include liabilities of at least \$6.5
27 million on her financial statement, and by failing to advise investors that some of the properties
28 that were included in the net worth statements had, in fact, been lost in foreclosure proceedings.

1 **Second Cause for Discipline - Fiscal Dishonesty**
2 (Bus. & Prof. Code Section 5100(i))

3 16. Incorporating by reference the allegations in paragraphs 10, 12 and 13,
4 Respondent's certificate is subject to discipline under Code section 5100(i) in that Respondent's
5 conduct constitutes fiscal dishonesty, in that she created a false personal financial statement and
6 used it to raise over \$15 million in Fund II. Investors in Fund II suffered significant losses, in an
7 amount known to Respondent but unknown to Complainant.

8 **Third Cause for Discipline - Breach of Fiduciary Responsibility**
9 (Bus. & Prof. Code Section 5100(i))

10 17. Incorporating by reference the allegations in paragraphs 10, 12 and 13,
11 Respondent's certificate is subject to discipline under Code section 5100(i) in that Respondent's
12 conduct constitutes breach of fiduciary responsibility in that, she breached her duty to the limited
13 partners of Funds I and II; she misrepresented her financial status in order to induce the
14 investment of \$15 million, and she placed her own financial interests over those of the partners.

15 **Fourth Cause for Discipline - False & Fraudulent Financial Statements & Information**
16 (Bus. & Prof. Code Section 5100(j))

17 18. Incorporating by reference the allegations in paragraphs 10, 12 and 13,
18 Respondent's certificate is subject to discipline under Code section 5100(j) in that Respondent's
19 conduct constitutes the knowing preparation, publication or dissemination of false, fraudulent, or
20 materially misleading financial statements, reports, or information in that she prepared and
21 disseminated false prospectus Memoranda which misrepresented the investments and the
22 properties they held. She prepared and disseminated a false personal financial statement.

23 **Fifth Cause for Discipline - Reportable Event Violation**
24 (Bus. & Prof. Code Section 5100(g)/5063)

25 19. Complainant realleges the matters set forth in paragraph 10. As set forth
26 therein, Respondent was convicted of a felony count related to the qualifications, functions or
27 duties of a CPA. This conviction related to Respondent's circulation of a false financial
28 statement and personal guarantee to a limited partnership of an investment for which she

1 performed as a fiduciary and constitutes a reportable event within the meaning of Code section
2 5063 and Board Rule 99.

3 20. Respondent has failed to notify the Board, pursuant to Code section 5063,
4 of the reportable event referenced in paragraphs 10 through 13 herein, constituting cause for
5 discipline of her license pursuant to Code section 5063 in conjunction with Code section
6 5100(g).

7 OTHER MATTERS

8 21. Pursuant to Code section 5107, it is requested that the administrative law
9 judge, as part of the proposed decision in this proceeding, direct Respondent to pay to the Board
10 all reasonable costs of investigation and prosecution in this case, including, but not limited to,
11 attorneys' fees.

12 22. It is charged, in aggravation of penalty, that the Respondent has been the
13 subject of two enforcement actions⁶ by the United States Securities and Exchange Commission in
14 connection with the fraudulent offer and sale of real estate limited partnership units, related to
15 her role as founder and Senior Vice-President of Valley Forge Capital Holdings, Inc. ("VFCH")
16 through Continental Capital Financial Group securities.

17 Further, Respondent took advantage of a position of trust or confidence (with
18 respect to the limited partners in Funds I and II) to commit the offenses. Respondent knowingly
19 made false or misleading promises or statements to obtain money, and she acted with the intent
20 to defraud. Additional factors in aggravation include that Respondent's misconduct took place

21 _____
22 6. One action is complete. Respondent Tang was permanently enjoined by the U.S. District
23 Court for the Northern District of California in a civil action brought by the SEC in **February**
24 **1995** in connection with the fraudulent offer and sale of real estate limited partnership units
25 through CCFG, and the misappropriation of millions of the offering proceeds. Sec. and Exch.
Comm. v. John A. Hickey, Mamie Tang, and Continental Capital Financial Group, Inc., Civil
Action No. C94-3336 FMS (N.D. Cal., February 1995). (Tang was subsequently indicted in
connection with the sale of CCFG securities.)

26 Respondent Tang was subsequently sued by the SEC in September 1998 in re: Valley
27 Forge Capital Holdings, Inc. Civil Action No. CV98-3739 (N.D. Cal, September, 1998) for
28 misusing \$4.2 million in offering proceeds, including unauthorized payments to Tang. (The
case was settled as to Tang's co-defendant, Barrington, in September 30, 1999.)


1 over a long period of time and involved numerous individual acts of misconduct. There is no
2 evidence that Respondent has made any restitution to the victims.

3
4 **PRAYER**

5 WHEREFORE, complainant requests that the Board hold a hearing on the matters
6 alleged herein, and that following said hearing, the Board issue a decision:

- 7 1. Revoking, suspending, or otherwise imposing discipline upon Certified
8 Public Accountant Certificate Number 43479, issued to Mamie Tang;
9 2. Ordering Mamie Tang to pay the California Board of Accountancy the
10 reasonable costs of the investigation and enforcement of this case, pursuant to Business and
11 Professions Code section 5107;
12 3. Taking such other and further action as deemed necessary and proper.

13
14 DATED: March 17, 2004

15
16
17 
18 CAROL SIGMANN
19 Executive Officer
20 California Board of Accountancy
21 Department of Consumer Affairs
22 State of California
23 Complainant

21 03541110-SF2003400492

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